



October 31, 2017

## Systemax Reports Third Quarter 2017 Financial Results

**-Industrial Generates Record Sales of \$204.4 Million; Doubles Operating Margin-  
-France Sales Increase over 15%; 15th Consecutive Quarter of Organic Double Digit Growth-  
-Systemax Board Declares \$0.10 Dividend-**

PORT WASHINGTON, N.Y., Oct. 31, 2017 /PRNewswire/ -- **Systemax Inc. (NYSE: SYX)** today announced financial results for the third quarter ended September 30, 2017.

| <b>Performance Summary*</b>                             |  |             |  |             |
|---|--|-------------|--|-------------|
| (U.S. dollars in millions, except per share data)       |  |             |  |             |
| <b>Highlights</b>                                       | <b>Quarter Ended<br/>September 30,</b> |             | <b>Nine Months Ended<br/>September 30,</b> |             |
|   | <b>2017</b>                            | <b>2016</b> | <b>2017</b>                                | <b>2016</b> |
| <b>GAAP Results**</b>                                   |  |             |  |             |
| Net sales   | \$ 319.3                               | \$ 290.2    | \$ 934.8                                   | \$ 874.7    |
| Gross profit  | \$ 89.6                                | \$ 75.7     | \$ 262.9                                   | \$ 229.6    |
| Gross margin***   | 28.1 %                                 | 26.1 %      | 28.1 %                                     | 26.2 %      |
| Operating income  | \$ 18.0                                | \$ 3.1      | \$ 52.1                                    | \$ 11.6     |
| Operating margin  | 5.6 %                                  | 1.1 %       | 5.6 %                                      | 1.3 %       |
| Net income from continuing operations                   | \$ 14.1                                | \$ 1.6      | \$ 43.7                                    | \$ 5.4      |
| Net income per diluted share from continuing operations | \$ 0.37                                | \$ 0.04     | \$ 1.17                                    | \$ 0.15     |
| Net loss from discontinued operations                   | \$ (2.8)                               | \$ (7.4)    | \$ (37.1)                                  | \$ (35.9)   |
| Net loss per diluted share from discontinued operations | \$ (0.08)                              | \$ (0.20)   | \$ (1.00)                                  | \$ (0.97)   |
| <b>Non-GAAP Results**</b>                               |  |             |  |             |
| Net sales   | \$ 319.3                               | \$ 281.8    | \$ 934.8                                   | \$ 838.0    |
| Gross profit  | \$ 89.6                                | \$ 74.9     | \$ 262.9                                   | \$ 225.3    |
| Gross margin***   | 28.1 %                                 | 26.6 %      | 28.1 %                                     | 26.9 %      |
| Operating income  | \$ 19.0                                | \$ 7.4      | \$ 55.1                                    | \$ 22.2     |
| Operating margin  | 6.0 %                                  | 2.6 %       | 5.9 %                                      | 2.6 %       |
| Net income from continuing operations                   | \$ 12.2                                | \$ 4.6      | \$ 35.8                                    | \$ 13.6     |
| Net income per diluted share from continuing operations | \$ 0.32                                | \$ 0.12     | \$ 0.96                                    | \$ 0.37     |
| Net loss from discontinued operations                   | \$ (3.2)                               | \$ (11.0)   | \$ (38.1)                                  | \$ (44.7)   |
| Net loss per diluted share from discontinued operations | \$ (0.08)                              | \$ (0.30)   | \$ (1.02)                                  | \$ (1.20)   |

### GAAP Third Quarter 2017 Financial Summary:

- 1 Consolidated sales increased 10.0% to \$319.3 million in U.S. dollars. On a constant currency basis, average daily sales increased 8.2%.
- 1 Industrial Products Group ("IPG") sales grew 9.1% to \$204.4 million in U.S. dollars. On a constant currency basis, average daily sales increased 8.9%.
- 1 European Technology Products Group ("ETG"), comprising France and the divested German Operations, sales increased 12.8% to \$114.9 million in U.S. dollars. On a constant currency basis, average daily sales increased 6.8%.
- 1 Consolidated operating income grew to \$18.0 million compared to \$3.1 million last year, a 480.6% increase.
- 1 Net income per diluted share from continuing operations grew to \$0.37.

### Non-GAAP Third Quarter 2017 Continuing Operations Financial Summary:

- 1 Consolidated sales (comprising IPG and France) increased 13.3% to \$319.3 million in U.S. dollars. On a constant currency basis, average daily sales increased 11.1%.
- 1 Industrial Products Group sales increased 9.1% to \$204.4 million in U.S. dollars. On a constant currency basis, average daily sales increased 8.9%.
- 1 ETG (France) sales increased 21.7% to \$114.9 million in U.S. dollars. On a constant currency basis, average daily sales increased 15.3%.

- | Consolidated operating income grew to \$19.0 million compared to \$7.4 million last year, a 156.8% increase.
- | Net income per diluted share from continuing operations grew to \$0.32.

#### **GAAP Nine Months 2017 Financial Summary:**

- | Consolidated sales increased 6.9% to \$934.8 million in U.S. dollars. On a constant currency basis, average daily sales increased 8.1%.
- | Industrial Products Group sales increased 10.7% to \$597.3 million in U.S. dollars. On a constant currency basis, average daily sales increased 11.2%.
- | European Technology Products Group ("ETG"), comprising France and the divested German Operations, sales increased 1.6% to \$337.5 million in U.S. dollars. On a constant currency basis, average daily sales increased 3.1%.
- | Consolidated operating income grew to \$52.1 million compared to \$11.6 million last year, a 349.1% increase.
- | Net income per diluted share from continuing operations grew to \$1.17.

#### **Non-GAAP Nine Months 2017 Continuing Operations Financial Summary:**

- | Consolidated sales (comprising IPG and France) increased 11.6% to \$934.8 million in U.S. dollars. On a constant currency basis, average daily sales increased 12.4%.
- | Industrial Products Group sales increased 10.7% to \$597.3 million in U.S. dollars. On a constant currency basis, average daily sales increased 11.2%.
- | ETG (France) sales increased 13.2% to \$337.5 million in U.S. dollars. On a constant currency basis, average daily sales increased 14.6%.
- | Consolidated operating income grew to \$55.1 million compared to \$22.2 million last year, a 148.2% increase.
- | Net income per diluted share from continuing operations grew to \$0.96.

Larry Reinhold, Chief Executive Officer, said, "Our Industrial Products Group and France technology businesses each delivered another exceptional quarter. On a Non-GAAP basis, total revenues of these two businesses increased to \$319 million, representing organic growth of over 11% on a constant currency average daily sales basis. In the third quarter Industrial achieved another quarter of record sales, recording \$204 million in revenue, an increase of 9% on a constant currency average daily sales basis and surpassed \$20 million in operating income. Industrial showed strong leverage and improved execution across the business. In France, revenue increased over 15% on a constant currency average daily sales basis, marking its 15<sup>th</sup> consecutive quarter of double digit organic top line growth. Performance in France included continued growth across all customer segments while producing solid profitability gains."

"We have seen strong performance and excellent execution from both of our businesses in 2017, which is directly attributable to the efforts of our management teams and employees. In Industrial and France, we are strengthening customer relationships, expanding the products and services we offer and generating strong cash flows. We continue to explore strategic acquisitions to support our growth objectives and remain well positioned to drive the long-term value of our businesses."

At September 30, 2017, the Company had total working capital of \$226.6 million, cash and cash equivalents of \$176 million and excess availability under its credit facility of approximately \$71 million. The Company has significant flexibility to return capital to shareholders, execute on its business plans, invest in strategic M&A, and continue investing in growth opportunities. The Company's board of directors has declared a cash dividend of \$0.10 per share to common stock shareholders of record at the close of business on November 13, 2017, payable on November 20, 2017. The Company anticipates continuing a regular quarterly dividend in the future.

#### **Earnings Conference Call Details**

Systemax Inc. will provide pre-recorded remarks on its third quarter 2017 results today, October 31, 2017 at 5:00 p.m. Eastern Time. A live webcast of the remarks will be available on the Company's website at [www.systemax.com](http://www.systemax.com) in the investor relations section. The webcast will also be archived on [www.systemax.com](http://www.systemax.com) for approximately 90 days.

#### **About Systemax Inc.**

Systemax Inc. ([www.systemax.com](http://www.systemax.com)), through its operating subsidiaries, is a provider of industrial products in North America and technology products in France, going to market through a system of branded e-Commerce websites and relationship marketers. The primary brands are Global Industrial and Inmac Wstore.

#### **Forward-Looking Statements**

*This press release contains forward looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934).*

*Additional written or oral forward looking statements may be made by the Company from time to time in filings with the Securities and Exchange Commission or otherwise. Statements contained in this press release that are not historical facts are forward looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are based on management's estimates, assumptions and projections and are not guarantees of future performance. The Company assumes no obligation to update these statements. Forward looking statements may include, but are not limited to, projections or estimates of revenue, income or loss, exit costs, cash flow needs and capital expenditures, statements regarding future operations, expansion or restructuring plans, including our exit from and winding down of our NATG and European operations, financing needs, compliance with financial covenants in loan agreements, plans relating to products or services of the Company, assessments of materiality, predictions of future events and the effects of pending and possible litigation, as well as assumptions relating to the foregoing. In addition, when used in this release, the words "anticipates," "believes," "estimates," "expects," "intends," and "plans" and variations thereof and similar expressions are intended to identify forward looking statements.*

*Other factors that may affect our future results of operations and financial condition include, but are not limited to, unanticipated developments in any one or more of the following areas, as well as other factors which may be detailed from time to time in our Securities and Exchange Commission filings: risks involved with e-commerce, including possible loss of business and customer dissatisfaction if outages or other computer-related problems should preclude customer access to our products and services; the Company's management information systems and other technology platforms supporting our sales, procurement and other operations are critical to our operations and disruptions or delays have occurred and could occur in the future, and if not timely addressed would have a material adverse effect on us; general economic conditions, will continue to impact our business; sales tax laws or government enforcement priorities may be changed which could result in ecommerce and direct mail retailers having to collect sales taxes in states where the current laws and interpretations do not require us to do so; extreme weather conditions could disrupt our product supply chain and our ability to ship or receive products, which would adversely impact sales; our international operations are subject to risks such as fluctuations in currency rates, foreign regulatory requirements, and political uncertainty; and managing various inventory risks, such as being unable to profitably resell excess or obsolete inventory and/or the loss of product return rights and price protection from our vendors.*

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*\* Systemax manages its business and reports using a 52-53 week fiscal year that ends at midnight on the Saturday closest to December 31. For clarity of presentation, fiscal years and quarters are described as if they ended on the last day of the respective calendar month. The actual fiscal quarters ended on September 30, 2017 and October 1, 2016. The third quarters of both 2017 and 2016 included 13 weeks and the nine months of both 2017 and 2016 included 39 weeks.*

*\*\* On December 1, 2015, the Company closed on the sale of certain assets of its North American Technology Group ("NATG"). Pursuant to this transaction, the Company continues to wind down the remaining operations of NATG during 2017. In the GAAP presentation, the retail operations which were discontinued by the Company prior to the transaction, along with allocations of common distribution and back office costs, are presented as part of the Company's continuing operations for all periods; other NATG operations that were sold (as well as the remaining retail operations that existed at the time of the transaction (and were subsequently discontinued by the Company) are presented as discontinued operations for all periods. The non-GAAP results reflect the entire NATG segment as a discontinued operation for all periods presented as well as adjustments for non-recurring items, intangible amortization, equity compensation and a normalized effective tax rate in recurring operations. On September 2, 2016, the Company closed on the sale of certain assets of its Misco Germany operation which has been reported as part of its European Technology Products Group. Prior and current year results of Germany have been eliminated in the non-GAAP presentation. On December 31, 2016, the Company closed on the sale of its Afligo rebate processing business. Prior and current year results of the rebate processing business have been eliminated in the non-GAAP presentation. The Company believes that the non-GAAP presentation conveys additional more meaningful information to investors. On March 24, 2017, the Company closed on the sale of its European Technology Group businesses, other than its operations in France. Prior and current year results of these divested businesses, along with the associated loss on the sale, have been classified as discontinued operations in both the GAAP and non-GAAP presentation. See accompanying GAAP reconciliation tables.*

*\*\*\* During Q2 2017, the Company decided to amend its presentation of certain costs associated with operating our Distribution Centers as well as costs associated with our Purchasing and Product Development Teams. Historically these costs have been included as a component of costs of goods sold. We are now including those costs as a component of*

*Selling, Distribution, and Administrative Expenses. This change is reflected in current and prior year periods and is not a restatement of any amounts, rather, an amendment to the presentation of these costs to better align with the Company's MRO-oriented peer group in North America.*

**Condensed Consolidated Statements of Operations - GAAP - Unaudited**  
(In millions, except per share amounts)

|  | Quarter Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|--|--------------------------------|-----------|------------------------------------|-----------|
|  | 2017                           | 2016      | 2017                               | 2016      |
| Net sales  | \$ 319.3                       | \$ 290.2  | \$ 934.8                           | \$ 874.7  |
| Cost of sales  | 229.7                          | 214.5     | 671.9                              | 645.1     |
| Gross profit   | 89.6                           | 75.7      | 262.9                              | 229.6     |
| <i>Gross margin</i>  | 28.1 %                         | 26.1 %    | 28.1 %                             | 26.2 %    |
| Selling, distribution and administrative expenses                | 71.5                           | 70.9      | 210.5                              | 214.4     |
| Special charges  | 0.1                            | 1.7       | 0.3                                | 3.6       |
| Operating income from continuing operations                      | 18.0                           | 3.1       | 52.1                               | 11.6      |
| <i>Operating margin</i>  | 5.6 %                          | 1.1 %     | 5.6 %                              | 1.3 %     |
| Interest and other (income) expense, net                         | 0.3                            | 0.4       | —                                  | 1.3       |
| Income from continuing operations before income taxes            | 17.7                           | 2.7       | 52.1                               | 10.3      |
| Provision for income taxes                                       | 3.6                            | 1.1       | 8.4                                | 4.9       |
| Net income from continuing operations                            | 14.1                           | 1.6       | 43.7                               | 5.4       |
| Net income (loss) from discontinued operations                   | (2.8)                          | (7.4)     | (37.1)                             | (35.9)    |
| Net income (loss)  | \$ 11.3                        | \$ (5.8)  | \$ 6.6                             | \$ (30.5) |
| Net income per common share from continuing operations:          |                                |           |                                    |           |
| Basic  | \$ 0.38                        | \$ 0.04   | \$ 1.18                            | \$ 0.15   |
| Diluted  | \$ 0.37                        | \$ 0.04   | \$ 1.17                            | \$ 0.15   |
| Net income (loss) per common share from discontinued operations: |                                |           |                                    |           |
| Basic and diluted  | \$ (0.08)                      | \$ (0.20) | \$ (1.00)                          | \$ (0.97) |
| Weighted average common and common equivalent shares:            |                                |           |                                    |           |
| Basic  | 37.0                           | 37.2      | 37.0                               | 37.2      |
| Diluted  | 37.7                           | 37.2      | 37.4                               | 37.2      |

**SYSTEMAX INC.**  
**Condensed Consolidated Balance Sheets - GAAP**  
(In millions)

|   | September 30,<br>2017*<br>(Unaudited) | December 31,<br>2016 |
|---|---------------------------------------|----------------------|
| Current assets:                             |                                       |                      |
| Cash and cash equivalents                   | \$ 176.0                              | \$ 149.7             |
| Accounts receivable, net                    | 164.5                                 | 148.6                |
| Inventories                                 | 122.9                                 | 116.7                |
| Prepaid expenses and other current assets   | 5.1                                   | 3.9                  |
| Current assets of discontinued operations   | —                                     | 92.3                 |
| Total current assets                        | 468.5                                 | 511.2                |
| Property, plant and equipment, net          | 15.1                                  | 16.4                 |
| Goodwill, intangibles and other assets      | 19.1                                  | 21.4                 |
| Long term assets of discontinued operations | —                                     | 17.1                 |
| Total assets                                | \$ 502.7                              | \$ 566.1             |

|  |          |          |
|--|----------|----------|
| Current liabilities:                             |          |          |
| Accounts payable and accrued expenses            | 241.9    | 230.5    |
| Current liabilities of discontinued operations   | —        | 94.5     |
| Total current liabilities                        | 241.9    | 325.0    |
| Deferred tax liability                           | 0.3      | 0.3      |
| Other liabilities                                | 25.0     | 24.3     |
| Long term liabilities of discontinued operations | —        | 2.1      |
| Shareholders' equity                             | 235.5    | 214.4    |
| Total liabilities and shareholders' equity       | \$ 502.7 | \$ 566.1 |

\* Systemax manages its business and reports using a 52-53 week fiscal year that ends at midnight on the Saturday closest to December 31. For clarity of presentation, fiscal years and quarters are described as if they ended on the last day of the respective calendar month. The actual fiscal quarter ended on September 30, 2017 and October 1, 2016. The third quarters of both 2017 and 2016 included 13 weeks and the nine months of both 2017 and 2016 included 39 weeks.

| Supplemental Non-GAAP Continuing Operations<br>Business Unit Summary Results - Unaudited (In millions) |                             |          |          |                                 |           |          |
|--|-----------------------------|----------|----------|---------------------------------|-----------|----------|
| Industrial Products Group  |                             |          |          |                                 |           |          |
|  | Quarter Ended September 30, |          |          | Nine Months Ended September 30, |           |          |
|  | 2017                        | 2016     | Change   | 2017                            | 2016      | Change   |
| Sales  | \$ 204.4                    | \$ 187.4 | 9.1 %    | \$ 597.3                        | \$ 539.8  | 10.7 %   |
| Average daily sales*   | \$ 3.2                      | \$ 3.0   | 9.1 %    | \$ 3.1                          | \$ 2.8    | 11.2 %   |
| Gross profit   | \$ 71.2                     | \$ 59.8  | 19.1 %   | \$ 207.9                        | \$ 175.7  | 18.3 %   |
| Gross margin   | 34.8 %                      | 31.9 %   |          | 34.8 %                          | 32.5 %    |          |
| Operating income   | \$ 20.2                     | \$ 8.5   | 137.6 %  | \$ 56.2                         | \$ 25.4   | 121.3 %  |
| Operating margin   | 9.9 %                       | 4.5 %    |          | 9.4 %                           | 4.7 %     |          |
| European Technology Products Group (France)  |                             |          |          |                                 |           |          |
|  | Quarter Ended September 30, |          |          | Nine Months Ended September 30, |           |          |
|  | 2017                        | 2016     | Change   | 2017                            | 2016      | Change   |
| Sales  | \$ 114.9                    | \$ 94.4  | 21.7 %   | \$ 337.5                        | \$ 298.2  | 13.2 %   |
| Average daily sales*   | \$ 1.8                      | \$ 1.5   | 21.7 %   | \$ 1.8                          | \$ 1.6    | 14.4 %   |
| Gross profit   | \$ 18.4                     | \$ 15.1  | 21.9 %   | \$ 55.0                         | \$ 49.6   | 10.9 %   |
| Gross margin   | 16.0 %                      | 16.0 %   |          | 16.3 %                          | 16.6 %    |          |
| Operating income   | \$ 5.4                      | \$ 3.2   | 68.8 %   | \$ 17.2                         | \$ 11.8   | 45.8 %   |
| Operating margin   | 4.7 %                       | 3.4 %    |          | 5.1 %                           | 4.0 %     |          |
| Corporate & Other  |                             |          |          |                                 |           |          |
|  | Quarter Ended September 30, |          |          | Nine Months Ended September 30, |           |          |
|  | 2017                        | 2016     | Change   | 2017                            | 2016      | Change   |
| Operating expenses   | \$ (6.6)                    | \$ (4.3) | (53.5) % | \$ (18.3)                       | \$ (15.0) | (22.0) % |
| Consolidated <sup>(1,2)</sup>  |                             |          |          |                                 |           |          |
|  | Quarter Ended September 30, |          |          | Nine Months Ended September 30, |           |          |
|  | 2017                        | 2016     | Change   | 2017                            | 2016      | Change   |
| Sales  | \$ 319.3                    | \$ 281.8 | 13.3 %   | \$ 934.8                        | \$ 838.0  | 11.6 %   |
| Gross profit   | \$ 89.6                     | \$ 74.9  | 19.6 %   | \$ 262.9                        | \$ 225.3  | 16.7 %   |
| Gross margin   | 28.1 %                      | 26.6 %   |          | 28.1 %                          | 26.9 %    |          |
| Operating income   | \$ 19.0                     | \$ 7.4   | 156.8 %  | \$ 55.1                         | \$ 22.2   | 148.2 %  |
| Operating margin   | 6.0 %                       | 2.6 %    |          | 5.9 %                           | 2.6 %     |          |

\*Percentages are calculated using sales data in hundreds of thousands. In Q3 2017 both IPG and France had 63 selling days and for the nine months of 2017 IPG and France had 191 and 188 selling days, respectively. In Q3 2016, both IPG and France had 63 selling days and for the nine months of 2016 IPG and France had 192 and 190 selling days, respectively.

1 On December 1, 2015, the Company closed on the sale of certain assets of its North American Technology Group ("NATG"). Pursuant to this transaction, the Company continues to wind down the remaining operations of NATG during 2017. In the GAAP presentation, the retail operations which were discontinued by the Company prior to the transaction, along with allocations of common distribution and back office costs, are presented as part of the Company's continuing operations for all periods; other NATG operations that were sold (as well as the remaining retail

operations that existed at the time of the transaction (and were subsequently discontinued by the Company) are presented as discontinued operations for all periods. The non-GAAP results reflect the entire NATG segment as a discontinued operation for all periods presented as well as adjustments for non-recurring items, intangible amortization, equity compensation and a normalized effective tax rate in recurring operations. On September 2, 2016, the Company closed on the sale of certain assets of its Misco Germany operation which has been reported as part of its European Technology Products Group. Prior and current year results of Germany have been eliminated in the non-GAAP presentation. On December 31, 2016, the Company closed on the sale of its Afligo rebate processing business. Prior and current year results of the rebate processing business have been eliminated in the non-GAAP presentation. The Company believes that the non-GAAP presentation conveys additional more meaningful information to investors. On March 24, 2017, the Company closed on the sale of its European Technology Group businesses, other than its operations in France. Prior and current year results of these divested businesses, along with the associated loss on the sale, have been classified as discontinued operations in both the GAAP and non-GAAP presentation. See accompanying GAAP reconciliation tables.

- 2 Systemax manages its business and reports using a 52-53 week fiscal year that ends at midnight on the Saturday closest to December 31. For clarity of presentation, fiscal years and quarters are described as if they ended on the last day of the respective calendar month. The actual fiscal quarter ended on September 30, 2017 and October 1, 2016. The third quarters of both 2017 and 2016 included 13 weeks and the nine months of both 2017 and 2016 included 39 weeks.

#### SYSTEMAX INC.

#### Reconciliation of Segment and Consolidated GAAP Net Sales from Continuing Operations to Segment and Consolidated Non-GAAP Net Sales from Continuing Operations - Unaudited (In millions)

|  | Quarter Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                 |
|--|--------------------------------|-----------------|------------------------------------|-----------------|
|  | 2017                           | 2016            | 2017                               | 2016            |
| Industrial Products                                    | \$ 204.4                       | \$ 187.4        | \$ 597.3                           | \$ 539.8        |
| Technology Products - Europe                           | 114.9                          | 101.9           | 337.5                              | 332.1           |
| Corporate and Other                                    | —                              | 0.9             | —                                  | 2.8             |
| <b>GAAP Net Sales</b>                                  | <b>319.3</b>                   | <b>290.2</b>    | <b>934.8</b>                       | <b>874.7</b>    |
| <b>Non-GAAP adjustments:</b>                           |                                |                 |                                    |                 |
| <u>Technology Products - Europe:</u>                   |                                |                 |                                    |                 |
| Reverse results of Germany included in GAAP Net Sales  | —                              | (7.5)           | —                                  | (33.9)          |
| Total Non-GAAP Adjustments: Technology Products Europe | —                              | (7.5)           | —                                  | (33.9)          |
| <u>Corporate and Other:</u>                            |                                |                 |                                    |                 |
| Reverse results of Afligo included in GAAP Net Sales   | —                              | (0.9)           | —                                  | (2.8)           |
| Total Non-GAAP Adjustments: Corporate and Other        | —                              | (0.9)           | —                                  | (2.8)           |
| Industrial Products                                    | 204.4                          | 187.4           | 597.3                              | 539.8           |
| Technology Products- France                            | 114.9                          | 94.4            | 337.5                              | 298.2           |
| Corporate and Other                                    | —                              | —               | —                                  | —               |
| <b>Non-GAAP Net Sales</b>                              | <b>\$ 319.3</b>                | <b>\$ 281.8</b> | <b>\$ 934.8</b>                    | <b>\$ 838.0</b> |

#### SYSTEMAX INC.

#### Reconciliation of Segment and Consolidated GAAP Gross Profit from Continuing Operations to Segment and Consolidated Non-GAAP Gross Profit from Continuing Operations - Unaudited (In millions)

|                              | Quarter Ended<br>September 30, |             | Nine Months Ended<br>September 30, |              |
|------------------------------|--------------------------------|-------------|------------------------------------|--------------|
|                              | 2017                           | 2016        | 2017                               | 2016         |
| Industrial Products          | \$ 71.2                        | \$ 59.8     | \$ 207.9                           | \$ 175.7     |
| Technology Products - Europe | 18.4                           | 15.6        | 55.0                               | 52.5         |
| Corporate and Other          | —                              | 0.3         | —                                  | 1.4          |
| <b>GAAP Gross Profit</b>     | <b>89.6</b>                    | <b>75.7</b> | <b>262.9</b>                       | <b>229.6</b> |

**Non-GAAP adjustments:**Technology Products - Europe:

|  |   |       |   |       |
|--|---|-------|---|-------|
| Reverse results of Germany included in GAAP Gross Profit | — | (0.5) | — | (2.9) |
| Total Non-GAAP Adjustments: Technology Products Europe   | — | (0.5) | — | (2.9) |

Corporate and Other:

|   |   |       |   |       |
|---|---|-------|---|-------|
| Reverse results of Afligo included in GAAP Gross Profit | — | (0.3) | — | (1.4) |
| Total Non-GAAP Adjustments: Corporate and Other         | — | (0.3) | — | (1.4) |

|                              |                |                |                 |                 |
|------------------------------|----------------|----------------|-----------------|-----------------|
| Industrial Products          | 71.2           | 59.8           | 207.9           | 175.7           |
| Technology Products- France  | 18.4           | 15.1           | 55.0            | 49.6            |
| Corporate and Other          | —              | —              | —               | —               |
| <b>Non-GAAP Gross Profit</b> | <b>\$ 89.6</b> | <b>\$ 74.9</b> | <b>\$ 262.9</b> | <b>\$ 225.3</b> |

**SYSTEMAX INC.**

**Reconciliation of Segment and Consolidated GAAP Operating Income (Loss) from Continuing Operations to Segment and Consolidated Non-GAAP Operating Income (Loss) from Continuing Operations - Unaudited  
(In millions)**

|   | Quarter Ended<br>September 30, |               | Nine Months Ended<br>September 30, |                |
|---|--------------------------------|---------------|------------------------------------|----------------|
|   | 2017                           | 2016          | 2017                               | 2016           |
| Industrial Products   | \$ 19.8                        | \$ 8.3        | \$ 55.2                            | \$ 24.8        |
| Technology Products - Europe                                      | 5.3                            | 0.1           | 16.8                               | 6.7            |
| Technology Products - NA  | (0.3)                          | —             | (0.7)                              | (2.4)          |
| Corporate and Other   | (6.8)                          | (5.3)         | (19.2)                             | (17.5)         |
| <b>GAAP operating income</b>                                      | <b>18.0</b>                    | <b>3.1</b>    | <b>52.1</b>                        | <b>11.6</b>    |
| <b>Non-GAAP adjustments:</b>                                      |                                |               |                                    |                |
| <u>Industrial Products:</u>                                       |                                |               |                                    |                |
| Intangible asset amortization                                     | 0.3                            | 0.1           | 0.8                                | 0.3            |
| Stock based and other special compensation                        | 0.1                            | 0.1           | 0.2                                | 0.3            |
| Total Non-GAAP Adjustments - Industrial Products                  | 0.4                            | 0.2           | 1.0                                | 0.6            |
| <u>Technology Products - Europe:</u>                              |                                |               |                                    |                |
| Reverse results of Germany included in GAAP continuing operations | 0.1                            | 3.0           | 0.3                                | 4.8            |
| Intangible asset amortization                                     | —                              | 0.1           | 0.1                                | 0.3            |
| Total Non-GAAP Adjustments: Technology Products Europe            | 0.1                            | 3.1           | 0.4                                | 5.1            |
| <u>Technology Products - NA:</u>                                  |                                |               |                                    |                |
| Reverse results of NATG included in GAAP continuing operations    | 0.3                            | —             | 0.7                                | 2.4            |
| Total Non-GAAP Adjustments: Technology Products NA                | 0.3                            | —             | 0.7                                | 2.4            |
| <u>Corporate and Other:</u>                                       |                                |               |                                    |                |
| Reverse results of Afligo included in GAAP continuing operations  | —                              | 0.7           | —                                  | 1.7            |
| Stock based compensation  | 0.2                            | 0.3           | 0.9                                | 0.8            |
| Total Non-GAAP Adjustments: Corporate and Other                   | 0.2                            | 1.0           | 0.9                                | 2.5            |
| Industrial Products   | 20.2                           | 8.5           | 56.2                               | 25.4           |
| Technology Products- France                                       | 5.4                            | 3.2           | 17.2                               | 11.8           |
| Technology Products- NA   | —                              | —             | —                                  | —              |
| Corporate and Other   | (6.6)                          | (4.3)         | (18.3)                             | (15.0)         |
| <b>Non-GAAP operating income</b>                                  | <b>\$ 19.0</b>                 | <b>\$ 7.4</b> | <b>\$ 55.1</b>                     | <b>\$ 22.2</b> |

**Reconciliation of GAAP Net Income (Loss) from Continuing Operations to Non-GAAP  
Net Income (Loss) from Continuing Operations - Unaudited  
(In millions)**

|  | <b>Quarter Ended<br/>September 30,</b> |                | <b>Nine Months Ended<br/>September 30,</b> |                |
|--|--|----------------|--|----------------|
|  | <b>2017</b>                            | <b>2016</b>    | <b>2017</b>                                | <b>2016</b>    |
| <b>GAAP</b>  |  |                |  |                |
| Net income from continuing operations  | \$ 14.1                                | \$ 1.6         | \$ 43.7                                    | \$ 5.4         |
| Provision for income taxes from continuing operations  | 3.6                                    | 1.1            | 8.4  | 4.9            |
| Income from continuing operations before income taxes  | 17.7                                   | 2.7            | 52.1                                       | 10.3           |
| Interest and other (income) expense from continuing operations, net                                      | 0.3                                    | 0.4            | —  | 1.3            |
| Operating income from continuing operations  | 18.0                                   | 3.1            | 52.1                                       | 11.6           |
| <b>Non-GAAP adjustments:</b>   |  |                |  |                |
| Reverse results of NATG, Germany and Afligo included in GAAP operating income from continuing operations | 0.4                                    | 3.7            | 1.0  | 8.9            |
| Recurring adjustments  | 0.6                                    | 0.6            | 2.0  | 1.7            |
| Adjusted operating income  | 19.0                                   | 7.4            | 55.1                                       | 22.2           |
| Interest and other expense (income), net   | 0.3                                    | 0.4            | —  | 1.3            |
| Reverse results of NATG, Germany and Afligo included in GAAP interest and other expenses (income), net   | —                                      | (0.1)          | —  | (0.1)          |
| Income before income taxes   | 18.7                                   | 7.1            | 55.1                                       | 21.0           |
| Normalized provision for income taxes  | 6.5                                    | 2.5            | 19.3                                       | 7.4            |
| Normalized effective tax rate <sup>(1)</sup>   | 35.0 %                                 | 35.0 %         | 35.0 %                                     | 35.0 %         |
| Non-GAAP net income from continuing operations   | <u>\$ 12.2</u>                         | <u>\$ 4.6</u>  | <u>\$ 35.8</u>                             | <u>\$ 13.6</u> |
| <b>GAAP net income per diluted share from continuing operations</b>                                      | <u>\$ 0.37</u>                         | <u>\$ 0.04</u> | <u>\$ 1.17</u>                             | <u>\$ 0.15</u> |
| <b>Non-GAAP net income per diluted share from continuing operations</b>                                  | <u>\$ 0.32</u>                         | <u>\$ 0.12</u> | <u>\$ 0.96</u>                             | <u>\$ 0.37</u> |

(1) Effective tax rate of 35% used in all periods.

**SYSTEMAX INC.**

**Reconciliation of GAAP Net Income (Loss) from Discontinued Operations to Non-GAAP Net Income (Loss) from Discontinued Operations - Unaudited  
(In millions)**

|   | <b>Quarter Ended<br/>September 30,</b> |                  | <b>Nine Months Ended<br/>September 30,</b> |                  |
|---|--|------------------|--|------------------|
|   | <b>2017</b>                            | <b>2016</b>      | <b>2017</b>                                | <b>2016</b>      |
| <b>GAAP</b>   |  |                  |  |                  |
| Net income (loss) from discontinued operations  | \$ (2.8)                               | \$ (7.4)         | \$ (37.1)                                  | \$ (35.9)        |
| <b>Non-GAAP adjustments:</b>  |  |                  |  |                  |
| Results of NATG, Afligo and Germany included in GAAP operating income from continuing operations                            | (0.4)                                  | (3.7)            | (1.0)                                      | (8.9)            |
| Results of NATG, Afligo and Germany interest and other (expense) income in GAAP operating income from continuing operations | —                                      | 0.1              | —  | 0.1              |
| Total Non-GAAP adjustments  | (0.4)                                  | (3.6)            | (1.0)                                      | (8.8)            |
| Non-GAAP net income (loss) from discontinued operations   | <u>\$ (3.2)</u>                        | <u>\$ (11.0)</u> | <u>\$ (38.1)</u>                           | <u>\$ (44.7)</u> |
| <b>GAAP net income (loss) per diluted share from discontinued operations</b>  | <u>\$ (0.08)</u>                       | <u>\$ (0.20)</u> | <u>\$ (1.00)</u>                           | <u>\$ (0.97)</u> |
| <b>Non-GAAP net income (loss) per diluted share from discontinued operations</b>  | <u>\$ (0.08)</u>                       | <u>\$ (0.30)</u> | <u>\$ (1.02)</u>                           | <u>\$ (1.20)</u> |



SOURCE Systemax Inc.

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